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Fiscal Note

Drafting Number: LLS 22-0116
Prime Sponsors: Rep. McCormick
Sen. Jaquez Lewis

Date: January 28, 2022
Bill Status: House HHS
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Bill Topic: **MEDICAID REIMBURSEMENT FOR THERAPY USING EQUINES**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

Conditional upon federal approval, the bill makes Medicaid reimbursement available for certain therapies using equine movement. It will increase state expenditures on an ongoing basis beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$139,315 to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1068

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-	-
Expenditures	General Fund	\$89,464	\$319,989	\$338,750
	Federal Funds	\$49,851	\$319,988	\$338,750
	Centrally Appropriated	\$22,048	\$23,634	\$23,634
	Total Expenditures	\$161,363	\$663,611	\$701,134
	Total FTE	0.9 FTE	1.0 FTE	1.0 FTE
Transfers		-	-	-
Other Budget Impacts	General Fund Reserve	\$13,420	\$47,998	\$50,813

Summary of Legislation

Subject to federal authorization and federal financial participation, on or after January 1, 2023, the bill makes Medicaid reimbursement available for therapy using equine movement when provided by a physical therapist, occupational therapist, or speech-language pathologist.

Background

Therapy using equine movement, or hippotherapy, is a physical therapy, occupational therapy, and speech-language pathology treatment strategy that uses the multidimensional movement of the horse to improve neuromuscular function and sensory processing in children and adults with movement dysfunction.

Medicaid has provided some states with Section 1115 demonstration waivers to test new or existing ways to deliver and pay for health care services, and Colorado has been authorized for hippotherapy for some members under three Center for Medicaid Services (CMS) waivers:

- Children’s Extensive Support (CES) Waiver;
- Home and Community Based Services-Children’s Habilitation Residential Program (CHRP); and
- Supported Living Services (SLS).

State Expenditures

The bill increases state expenditures in the Department of Health Care Policy and Financing by \$161,363 in FY 2022-23, \$663,611 in FY 2023-24, and \$701,134 in FY 2024-25 from the General Fund and federal funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1068

	FY 2022-23	FY 2023-24	FY 2024-25
Department of Health Care Policy and Financing			
Personal Services	\$71,677	\$78,193	\$78,193
Operating Expenses	\$1,350	\$1,350	\$1,350
Capital Outlay Costs	\$6,200	-	-
Projected Service Expenditures	\$502,159	\$1,041,839	\$1,079,361
Current Service Expenditures ¹	(\$442,071)	(\$481,405)	(\$481,404)
Centrally Appropriated Costs ²	\$22,048	\$23,634	\$23,634
Total	\$161,363	\$663,611	\$701,134
Total FTE	0.9 FTE	1.0 FTE	1.0 FTE

¹ Current service expenditures include FY 2020-21 spending for Adult Supported Living Services and Children’s Extensive Support Services. Children’s Habilitation Residential Programs had no spending in FY 2020-21.

² Centrally appropriated costs are not included in the bill’s appropriation.

Department of Health Care Policy and Financing. The Department of Health Care Policy and Financing (HCPF) requires 1.0 FTE Rate/Financial Analyst III and existing staff to:

- establish an implementation plan for CMS review prior to January 1, 2023—the position requires General Fund until CMS approval is secured, and additional General Funds may be required if approval is delayed;
- complete waiver amendments for CES, CHRP, and SLS to remove hippotherapy or determine whether additional units should be available to members meeting certain criteria;
- make conforming contract modifications and provide training;
- develop a rate methodology related to hippotherapy; and
- measure performance outcomes, as required by CMS.

Additional MMIS programming costs may be incurred if the service needs are determined to be unique, and the current procedure codes inadequate. This will be addressed through the annual budget process once this impact is known.

Projected and current service expenditures. Service expenditures anticipate federal approval. It is assumed that service costs will increase as hippotherapy eligibility is expanded to the whole Medicaid population from the more limited eligibility currently under the HCBS waiver programs, which will increase spending on Medical Service Premiums. Benefits will be capped based on the number of certified providers in the state that could provide this service. While just over 1 percent of the Medicaid population is estimated to be eligible, lack of providers inhibits the full utilization of the service. After the first year of implementation, caseloads will be captured in HCPF's forecast during the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$13,420 in FY 2022-23, \$47,998 in FY 2023-24, and \$50,813 in FY 2024-25, which will decrease the amount of General Fund available for other purposes.

Technical Note

Program implementation is dependent on federal financial participation by CMS. CMS only approves plan amendments in July and January, which may create a slight implementation delay.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2022-23, the bill requires appropriations totaling \$139,315 to the Department of Health Care Policy and Financing, including:

- \$89,464 from the General Fund; and
- \$49,851 from federal funds; with
- 0.9 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Information Technology

Regulatory Agencies